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Best Business Cities 1991

Cushman & Wakefield Healey & Baker

Real Estate Monitor

Executive Summary

CUSHMAN & WAKEFIELD | HEALEY & BAKER

Cushman & Wakefield/Healey & Baker
Real Estate Monitor
Executive Summary
1991

Conducted for

Cushman & Wakefield

and

Healey & Baker

by

Louis Harris and Associates, Inc.

We are pleased to share with you the findings of the Cushman & Wakefield/Healey & Baker Monitor. Our annual survey asks chief executive officers which cities are best for locating a business; which of these will see the most improvement in the next 12 months; and their opinions on other real estate and economic issues.

As we move toward the next century, the economy becomes increasingly global. The unification of Europe, the birth of democracy in Eastern Europe and the fall of the Soviet Union will have a dramatic impact on business in the years to come. In light of this, the Monitor also examined European CEOs' views of American cities for the first time. Healey & Baker, Cushman & Wakefield's London-based joint initiative partner, sponsored the survey.

Cushman & Wakefield is dedicated to serving our clients, and to providing them with the best real estate information possible. In addition to the data in this report, Cushman & Wakefield offers real estate analysis on markets throughout the country. Our experts are available to answer any question you may have.

We welcome your inquiries on the Executive Summary of the Monitor.

Arthur J. Mirante II
President and Chief Executive Officer
Cushman & Wakefield, Inc.

Highlights from the Findings

Atlanta regains first place as best business location; Seattle is back in second place, Tampa jumps to third, Portland slips from third to fifth place.

•**Atlanta** has gone from sixth place as an overall business location in 1990 to first place today, a position it also held in 1987, 1988, and 1989; 24% of CEOs familiar with the area consider it an "excellent" place to locate a business today. Atlanta has also jumped from eighth to fourth place as a location where business conditions are expected to improve in the next twelve months.

•**Atlanta** ranks among the top five locations on quality of life for office employees, access to markets for both office and industrial facilities, government climate for both office and industrial facilities, the cost, functionality, and expandability of office space, and the availability of fully-serviced industrial sites. Since 1990, its ranking on quality of life for office employees has jumped from 10th to fifth place.

•**Seattle**, which ranked first overall last year, has slipped to second place as an overall business location, with 21% of those familiar with the area rating it "excellent." Still paramount on quality of life for employees, and having improved its rank position on access to raw materials, Seattle has taken a nosedive on cost and availability of labor for both office and industrial facilities and has dropped in rank on the cost, functionality, and expandability of available office space.

•Having dropped from fifth to 10th place between 1989 and 1990, **Tampa** has soared to third place as an overall business location today. It shows improvement on the cost and availability of labor, quality of life for employees, and access to markets and raw materials for industrial facilities.

•**Portland**, which jumped from 27th place in 1989 to third place last year, now takes fifth place as an overall business location (with 19% of those familiar with it rating it "excellent"). Perceived quality of life is still relatively high, but slipping perceptibly, and Portland's rank position on government climate has plunged.

Dallas-Fort Worth and Houston continue to recover, while San Antonio and Denver show promise for the future.

•**Dallas-Fort Worth** takes fourth place today as an overall business location, up from eighth position last year and 17th place in 1989. The area ranks high as a city where business conditions are expected to improve over the next twelve months and on most specific criteria as well, notwithstanding some slippage in rank on a handful of items pertaining to industrial facilities, especially market access, government climate, and access to raw materials. It remains in first place on the availability of industrial sites with existing services.

•**Houston** is in eighth place today as an overall business city, up from 15th place last year and the 26th slot in 1989. As was the case last year, it is number-one on the list of locations where business conditions are expected to improve; its persistent strengths include the cost and availability of labor, government climate for business, and the availability of office space. Like Dallas-Fort Worth, however, it has seen some slippage in rank on a handful of items pertaining to industrial facilities -- including quality of life for employees, availability of industrial sites with existing services, and access to raw materials.

•While **San Antonio** has dropped from 11th to 15th place over the past year as an overall business location, it maintains a relatively high rank (sixth) on the list of cities expected to improve in the next twelve months. It excels on the cost and availability of office labor and government climate for both office and industrial facilities, and ranks well on quality of life for employees and availability of both office and industrial space.

--Following a rise from 28th to 17th place as an overall business location between 1989 and 1990, Denver has dropped back slightly to 19th place today. But it ranks a high second place as a location expected to improve in the next twelve months. Despite perceived worsening in comparison with other cities on the cost and availability of labor and access to markets, Denver remains competitively strong on quality of life and the cost, functionality, and expandability of available office space.

Some locations that skyrocketed in the 1990 rankings have fallen back to mid-list.

•**Sacramento**, which went from 15th place to second place as an overall business location a year ago, has now fallen off again to 12th place (with 14% of those familiar with it rating it "excellent"). It has also dropped from fourth to 12th place as an area expected to improve in the next twelve months. Sacramento shows a decline on the cost and availability of labor, quality of life for employees, government climate, and access to markets for industrial facilities.

•**Norfolk**, which rose from 19th to 4th place between 1989 and 1990, has now dropped back to 22nd place (with 6% of those familiar with it rating it "excellent"). Norfolk's rankings on specific factors suggest that while office space may have opened up and industrial labor may be more readily available than was the case last year, government climate for industrial facilities, the availability of fully-serviced industrial sites, and access to raw materials are perceived to have worsened.

•**New Orleans**, which rose from an abysmal 31st place in 1989 to a middling 22nd position last year, has sunk back down to dead bottom, 32nd place, today with only 2% of those familiar with the area rating it "excellent" as a business location. It has also slid from 15th place last year to 27th today as a city where business conditions are expected to improve. While improvement is noted on government climate for industrial facilities and access to raw materials, New Orleans' rank position has plummeted on cost and availability of labor, quality of life for office employees, access to markets for office facilities, and the cost, functionality, and expandability of available office space.

•**San Diego**, which ranked among the top five locations overall since 1987, has slipped to mid-list and is in 16th place today, with 11% of those familiar with the area rating it "excellent." San Diego's main strength is quality of life for employees; this year has seen a drop in it ranking on quality of life for industrial employees, and its rankings remain mediocre to poor on all else -- notwithstanding some perceived improvement on access to markets for office facilities.

Baltimore, Chicago and Washington, D. C. have recovered some of the standing they lost in 1990.

--Having dropped from 10th place to 27th place between 1989 and 1990, **Baltimore** has risen back to 20th place over the past year as a business location overall, and from 28th to 23rd place as a location expected to improve in the next twelve months. Perceptions of Baltimore as having easy access to markets are off somewhat, but the area has improved dramatically since last year on access to raw materials and the availability of industrial sites with existing services.

--Having dropped from fourth to 14th place between 1989 and 1990, **Chicago** is back up slightly to 11th position as an overall business location today. The area is still tops on access to markets and raw materials, and has improved its rank position on the cost and availability of industrial labor, quality of life for employees, government climate, and the cost and availability of both office space and industrial sites with existing services.

--Having dropped from 11th to 21st position between 1989 and 1990, the **Washington, D.C.**, area has come back to 17th place in the rankings as an overall business location, and has climbed since last year on the list of cities expected to improve in the next twelve months (from 29th to 20th place). The nation's capital has maintained a high ranking on easy access to markets for office facilities and shows considerable improvement relative to other locations on access to markets for industrial facilities and the availability of both office space and industrial sites with existing services.

Columbus, Cincinnati, and Phoenix rise in the rankings

•**Columbus** has gone from eighth place in 1989 to seventh place in 1990 to sixth position today as an overall business location, and over the past year has made a stunning ascent from 22nd to ninth place on the list of cities where business conditions are expected to improve in the next twelve months. It has bettered its rank position on quality of life for employees, access to markets, government climate, and the availability of office space, although it has also dropped in rank on the availability of industrial sites with existing services and access to raw materials.

•**Cincinnati** has jumped from 13th rank in both 1989 and 1990 to seventh place today as a business location overall, and has gone from 19th to 14th place in the past year as a location expected to improve in the next twelve months. The area has improved relative to other cities measured on the cost and availability of labor and market access for both office and industrial facilities, although it has dropped in rank on quality of life for industrial employees and on the availability of industrial sites with existing services.

•**Phoenix**'s rank as an overall business location has soared from 20th position in 1989 and 19th in 1990 to ninth today. Moreover, it has jumped from 11th to fifth place as a location expected to improve over the next twelve months. Its perceived competitive strengths are quality of life for employees, the cost and availability of labor, and the availability of both office space and industrial sites with existing services.

Not all traditional centers are enjoying a comeback, however; little hope is seen for the bastions of the East and West coasts.

•**New York** fell from 12th place to 28th place in the overall rankings between 1989 and 1990, and ranks 29th today. It finishes dead last -- 32nd place -- on the list of cities where business conditions are expected to improve in the next twelve months. It gets increasing credit for access to markets and raw materials, but ranks close to the bottom on all other specific location criteria.

•**Boston** ranks 28th as a business location today, down from 25th place a year ago and 14th place in 1989. Over the past year it has dropped from a low 20th to an even lower 25th place on the list of cities expected to improve. Boston is viewed as mediocre on quality of life, access to markets for office facilities, and access to raw materials, and as poor on everything else.

•**Philadelphia** has been in 30th place as an overall business location for two years running, down from 18th place in 1989. Although its ranking on the list of cities where business conditions are expected to get better has improved from 30th to 24th in the past year, Philadelphia still lies near the bottom on this measure. It gets credit for access to markets (on which its rank standing has improved) but on nothing else; on government climate and access to raw materials, the city is perceived as having worsened in comparison with other locations.

--On the West Coast, **Los Angeles** has gone from 9th place in 1989 to 20th place in 1990 to 27th place today as an overall business location. It has dropped from 26th to 30th place as a location expected to improve in the next twelve months. It is acknowledged for access to markets and raw materials but ranks poorly on all else, notwithstanding some improvement on availability of office space.

•**San Francisco** has dropped from sixth place in 1989 to 16th last year to 21st place today as an overall business location. It has dropped form 23rd to 28th place as a city expected to improve over the next twelve months. San Francisco's strong suit was quality of life, and that is seen as declining, with no improvement on space availability either. The area does rank decently on access to markets and raw materials.

No dramatic economic recovery is expected.

--Interest rate predictions for the next twelve months do not differ markedly from those made last year by Business America's chief executives officers, but somewhat fewer executives this year (29%) than last (35%) expect them to drop while somewhat more expect rates to go higher (35% vs. 32%) or stay the same (35% vs. 31%).

--Inflation is expected to level; a 65% majority of CEOs, up from 47% last year, expect the rate of inflation to be about the same in twelve months as it is now. Only 23% this year, compared with 44% in 1990, expect a higher inflation rate in twelve months.

--Executives' expectations for their own companies' capital expenditures over the next year suggest no gangbusters recovery. Just 40% anticipate their capital expenditures will increase -- representing no real change since last year (when 37% foresaw an increase) and a markedly lower reading than the 54% who predicted an increase in capital expenditures in 1989.

Business America predicts little growth in employee size -- with implications for space needs.

--25% of executives expect the number of office employees in their organization to decrease in the next twelve months, up from 20% who said the same thing last year; 39% predict no change in the number of office employees, while 35% -- not significantly different from 38% last year, predict an increase in the number of office employees.

--Among those involved in wholesale, retail, or manufacturing activities, 36% expect the proportion of manufacturing, warehouse, and distribution employees to increase in the next twelve months (the reading last year was 41%); 39% expect it to stay the same; while 19% (compared with 16% in 1990) expect it to decrease.

--A steady decline since 1988 in office space acquisition intentions appears to have leveled off with 56% of organizations planning to lease, build, renovate, or purchase new office space in the next twelve months, the same reading as in 1990. But for the first time since 1987, the proportion of organizations which plan to acquire office space in the next twelve months is no greater than the proportion which plan to terminate a lease or sell a facility during that time (55%, up from 49% last year). This suggests that -- acquisition intentions notwithstanding -- net expansion of office space over the next year may be limited.

--Although not conclusive, the findings suggest that there will be some growth in manufacturing, warehouse, and distribution space; 54% of those involved in wholesale, retail, or manufacturing activities plan to acquire such space in the next year, up marginally from 48% last year and also marginally higher than the 49% who report they plan to terminate a lease or sell a facility (up from 38% last year).

Los Angeles leads on location intentions, for both office and industrial facilities.

--Among those who intend to acquire office space in the next twelve months, Los Angeles remains the most popular location (13%, up from 9% last year), followed by New York (11%), San Francisco (11%), Chicago (10%), Houston-Galveston-Brazoria (9%), Dallas-Fort Worth (8%), Philadelphia (7%), and Atlanta (7%).

--Among those whose organizations are involved in wholesale, retail, or manufacturing activities and who plan to acquire manufacturing, retail, or distribution space in the next twelve months, Los Angeles is also the leader this year (13%), followed by New York (8%), San Francisco (8%), Chicago (7%), and Philadelphia (7%).

The Best Places to Locate a Business Today

Base: Familiar with each location

Q.: In terms of general business conditions as they relate to companies such as yours, how would you rate the (READ EACH ITEM AS APPROPRIATE) area as a place to locate a business today – excellent, very good, only fair, or poor?

Base:	1991		1990		1989	
	Rank #	Excellent %	Rank #	Excellent %	Rank #	Excellent %
Atlanta	1	24	6	20	1	38
Baltimore	20	8	27	8	10	21
Boston	28	4	25	9	14	20
Chicago	11	14	14	14	4	24
Cincinnati	7	16	13	15	13	20
Cleveland	24	5	24	9	24	12
Columbus	6	16	7	20	8	21
Dallas-Fort Worth	4	20	8	19	17	17
Denver	19	9	17	13	28	10
Detroit	26	5	31	4	29	9
Houston	8	16	15	14	26	11
Indianapolis	10	15	x	x	x	x
Kansas City	13	14	12	16	21	14
Los Angeles	27	4	20	11	9	21
Miami	31	3	29	6	30	7
Milwaukee	23	5	26	8	16	18
Minneapolis-St. Paul	14	13	9	18	7	21
New Orleans	32	2	22	11	31	2
New York	29	4	28	7	12	21
Norfolk	22	6	4	22	19	16
Philadelphia	30	3	30	5	18	16
Phoenix	9	15	19	11	20	15
Pittsburgh	18	10	18	12	25	11
Portland, OR	5	19	3	24	27	10
Sacramento	12	14	2	29	15	18
St. Louis	25	5	23	9	23	13
San Antonio	15	12	11	16	22	14
San Diego	16	11	5	21	3	25
San Francisco	21	7	16	13	6	22
Seattle	2	21	1	33	2	29
Tampa	3	21	10	17	5	23
Washington, DC	17	11	21	11	11	21

"Excellent" responses only are included here.

Places Where General Business Conditions Will Improve in Twelve Months

Base: Familiar with each location

Q.: And if you had to say, do you think general business conditions there twelve months from now will be better, worse, or about the same as they are now?

Base:	1991		1990		1989	
	Rank #	Better %	Rank #	Better %	Rank #	Better %
Atlanta	4	46	8	32	8	33
Baltimore	23	25	28	16	18	22
Boston	25	23	20	23	27	16
Chicago	21	26	21	23	22	20
Cincinnati	14	34	19	25	9	32
Cleveland	15	32	12	29	17	22
Columbus	9	40	22	22	12	28
Dallas-Fort Worth	3	50	2	62	1	53
Denver	2	51	3	46	5	36
Detroit	31	14	24	21	31	9
Houston	1	61	1	63	2	48
Indianapolis	7	42	x	x	x	x
Kansas City	19	31	17	27	26	17
Los Angeles	30	15	26	19	24	19
Miami	26	22	27	18	30	13
Milwaukee	16	31	13	28	28	15
Minneapolis-St. Paul	17	31	14	27	13	25
New Orleans	27	21	15	27	21	20
New York	32	11	31	10	29	13
Norfolk	13	35	10	31	15	25
Philadelphia	24	24	30	12	16	23
Phoenix	5	45	11	30	10	30
Pittsburgh	22	25	18	26	19	21
Portland, OR	11	38	9	31	11	29
Sacramento	12	37	4	43	6	35
St. Louis	29	17	25	20	20	20
San Antonio	6	44	5	40	3	44
San Diego	18	31	16	27	14	25
San Francisco	28	20	23	21	23	19
Seattle	8	41	7	35	7	33
Tampa	10	39	6	40	4	36
Washington, DC	20	30	29	15	25	18

"Better" responses only are included here in the interest of brevity.

"Absolutely Essential" Factors for Locating Office Facilities

Q.: Thinking about locations for *office facilities*, how important to companies such as yours is (READ EACH ITEM) – absolutely essential, important but not essential, not very important, or not at all important?

Base:	1991 Total 400 %	1990 Total 400 %	1989 Total 409 %
Easy access to markets, customers, or clients	43	39	NA*
The cost and availability of labor in the area	31	29	NA**
The quality of life for employees, such as the availability of housing, transportation, and recreational facilities	22	25	32
The cost, functionality, and expandibility of available office space	25	23	22
The climate state and local government creates for business through tax policy and the extent of regulation	25	20	29

* In 1988: 48%
** In 1989 : "Easy access to *domestic* markets..." 38%
"Easy access to *international* markets..." 10%

"Absolutely Essential" Factors for Locating Manufacturing, Warehouse, or Distribution Facilities

Base: Involved in wholesale, retail, or manufacturing activities

Q.: Thinking about locations for *manufacturing, warehouse, or distribution facilities*, how important to companies such as yours is (READ EACH ITEM) – absolutely essential, important but not essential, not very important, or not at all important?

Base:	1991 Total 220 %	1990 Total 210 %	1989 Total 220 %
The availability of sites with existing electricity, water, sewage, and roads	59	55	46
The cost and availability of labor in the area	41	50	NA*
Easy access to markets, customers, or clients	46	43	NA**
The climate state and local government creates for business through tax policy and the extent of regulation	33	29	36
Easy access to raw materials	26	22	31
The quality of life for employees, such as the availability of housing, transportation, and recreational facilities	12	18	23

* In 1988: 48%
** In 1989 : "Easy access to *domestic* markets..." 38%
"Easy access to *international* markets..." 9%

"Excellent" Locations for Office Facilities:
Easy Access to Markets, Customers, Clients

Base: Familiar with each location

Q.: When it comes to locating *office facilities*, how would rate the (READ EACH ITEM AS APPROPRIATE) area on easy access to markets, customers, clients – would you say it is excellent, pretty good, only fair, or poor?

Base:	1991		1990		1989	
	Rank #	Excellent %	Rank #	Excellent %	Rank #	Excellent %
Atlanta	3	35	2	37	2	56
Baltimore	22	12	13	19	14	25
Boston	17	16	8	24	4	38
Chicago	1	44	1	44	1	56
Cincinnati	10	21	18	15	11	27
Cleveland	25	11	20	15	17	22
Columbus	12	18	24	11	16	22
Dallas-Fort Worth	4	32	3	34	5	37
Denver	15	16	11	21	21	17
Detroit	24	12	23	14	23	17
Houston	13	18	10	21	18	21
Indianapolis	18	15	x	x	x	x
Kansas City	7	22	9	23	15	23
Los Angeles	5	30	5	31	6	36
Miami	19	14	21	15	25	16
Milwaukee	23	12	26	11	29	13
Minneapolis-St. Paul	14	17	17	16	22	17
New Orleans	31	6	22	15	31	9
New York	2	37	4	33	3	49
Norfolk	30	7	29	9	20	18
Philadelphia	8	22	12	20	12	26
Phoenix	21	13	27	10	30	13
Pittsburgh	32	5	16	17	24	16
Portland, OR	28	7	31	8	26	15
Sacramento	26	11	28	9	27	15
St. Louis	11	21	14	18	13	25
San Antonio	29	7	25	11	28	15
San Diego	20	13	30	8	9	29
San Francisco	9	22	6	26	7	32
Seattle	16	16	15	18	10	27
Tampa	27	9	19	15	19	18
Washington, DC	6	26	7	26	8	32

"Excellent" responses only are included here.

"Excellent" Locations for Manufacturing, Warehouse, or Distribution Facilities

Availability of Sites with Existing Electricity, Water, Sewage, and Roads

Base: Involved in wholesale, retail, or manufacturing activities and familiar with each location

Q.: When it comes to locating *manufacturing, warehouse or distribution facilities*, how would rate the (READ EACH ITEM AS APPROPRIATE) area on availability of sites with existing electricity, water, sewage, and roads – would you say it is excellent, pretty good, only fair, or poor?

Base:	1991		1990		1989	
	Rank #	Excellent %	Rank #	Excellent %	Rank #	Excellent %
Atlanta	3	26	4	22	1	35
Baltimore	17	14	25	6	11	18
Boston	25	9	16	10	20	13
Chicago	5	23	10	14	23	12
Cincinnati	20	11	11	14	22	12
Cleveland	7	20	19	8	18	15
Columbus	12	16	5	22	10	18
Dallas-Fort Worth	1	33	1	32	2	32
Denver	9	19	3	23	5	22
Detroit	28	7	22	7	29	9
Houston	14	15	2	26	3	26
Indianapolis	21	11	x	x	x	x
Kansas City	11	17	7	21	15	16
Los Angeles	27	8	29	3	21	13
Miami	30	6	31	–	27	10
Milwaukee	4	26	23	7	30	9
Minneapolis-St. Paul	16	15	8	17	19	14
New Orleans	23	10	18	9	28	10
New York	31	6	24	7	25	11
Norfolk	32	–	20	7	31	6
Philadelphia	26	8	27	5	26	10
Phoenix	2	27	6	22	4	22
Pittsburgh	15	15	12	14	8	19
Portland, OR	19	12	21	7	17	15
Sacramento	6	21	13	13	12	17
St. Louis	18	13	17	9	16	15
San Antonio	8	19	9	14	14	16
San Diego	24	9	26	5	7	20
San Francisco	29	7	28	4	13	17
Seattle	13	16	15	11	9	19
Tampa	10	18	14	12	6	22
Washington, DC	22	11	30	2	24	12

"Excellent" responses only are included here.

Expectations for the Economy

Q.: To begin, I'd like to ask you a few questions about the economy and your industry. Twelve months from now, do you expect that the rate of inflation will be much higher, somewhat higher, about the same, somewhat lower, or much lower than it is today?

Base:	1991 Total 400 %	1990 Total 400 %	1989 Total 404 %
Rate of Inflation in Twelve Months			
Much higher	1	3	1
Somewhat higher	22	41	41
About the same	65	47	45
Somewhat lower	10	7	11
Much lower	*	–	–
Not sure	2	2	1

*Less than 0.5%

Q.: Twelve months from now, do you expect that long-term interest rates will be much higher, somewhat higher, about the same, somewhat lower, or much lower than they are today?

Base:	1991 Total 400 %	1990 Total 400 %	1989 Total 404 %
Long-Term Interest Rates in Twelve Months			
Much higher	*	1	1
Somewhat higher	35	31	23
About the same	35	31	28
Somewhat lower	28	34	46
Much lower	1	1	2
Not sure	1	2	1

Expectations for the Company's Capital Expenditures in Next Twelve Months

Q.: Over the next twelve months, do you expect your company's capital expenditures to increase a great deal, increase somewhat, stay the same as they've been this year, decrease somewhat, or decrease a great deal?

Base:	1991 Total 400 %	1990 Total 400 %	1989 Total 404 %
Expect Capital Expenditures to:			
Increase a great deal	8	8	12
Increase somewhat	32	29	42
Stay the same	36	42	34
Decrease somewhat	20	18	9
Decrease a great deal	2	2	2
Not sure	1	1	1

Location Plans for Office Operations in the Next Twelve Months: Trend

Q.: Thinking about all of your *office operations* in the United States, in the *next twelve months* do you plan to (READ EACH ITEM), or not?

Base:	1991 Total 400 %	1990 Total 400 %	1989 Total 404 %
Plan to:			
Lease new space	44	39	47
Build new space	23	31	34
Acquire space and renovate it for a new purpose	23	26	20
Purchase new space	17	20	24
Net: Acquire space	56	56	59
Terminate a lease or sell a facility	55	49	51

Location Plans for Manufacturing, Warehouse, or Distribution Operations in the Next Twelve Months: Trend

Base: Involved in wholesale, retail, or manufacturing activities

Q.: Thinking about all of your *office operations* in the United States, in the *next twelve months* do you plan to (READ EACH ITEM), or not?

Base:	1991 Total 220 %	1990 Total 210 %	1989 Total 220 %
Plan to:			
Build new space	30	31	38
Lease new space	32	28	32
Purchase new space	18	18	20
Acquire space and renovate it for a new purpose	23	20	14
Net: Acquire space	54	48	54
Terminate a lease or sell a facility	49	38	40

Location Plans and Intentions

Space Changes and Intentions

The steady decline from 1988 through 1990 in the number of executives reporting office space acquisition plans for the next twelve months appears to have leveled off. But just as many plan to terminate an office lease or sell a facility as plan to acquire office space.

In 1988, 64% of Business America's CEOs reported their organization planned to acquire new office space -- either through leasing, building, renovating, or purchasing -- in the following twelve months. This was a dramatic increase over the 1987 reading of 50%, but dropped back to 59% in 1989 and 56% in 1990, and this percentage remains the same today. However, there appears to be less emphasis this year on building, renovating, or purchasing space, and more on leasing new space. Moreover, the proportion who expect to terminate a lease or sell a facility -- 55% -- is the highest since the 57% recorded in 1988. As in past years, larger organizations (with revenues of $1 billion or over) are more likely than smaller ones (under $1 billion) to plan office space acquisitions, but the gap between larger and smaller has been steadily diminishing. Larger organizations are also more likely than smaller ones to anticipate they will terminate a lease or sell a facility in the next twelve months.

Among the 56% of CEOs whose organizations are involved in wholesale, retail, or manufacturing activities, plans to acquire manufacturing, warehouse, or distribution space seem to have followed a similar pattern: a leap from 41% of that group who planned to acquire space in 1987 to 58% in 1988, followed by a drop back to 54% in 1989 and 48% in 1990. Today, the reading has gone up again to 54%. Forty-nine percent now plan to terminate a lease or sell a facility, up from 38% a year ago and the highest recorded since the question was first asked in 1987. Again, larger organizations seem somewhat more likely than smaller ones to have industrial space acquisition plans (specifically plans to build or purchase), as well as plans to terminate a lease or sell a facility.

Where Business America Intends to Locate

Among those who plan to acquire office space in the next twelve months, Los Angeles remains the most popular location (13%, up from 9% last year when it was also number-one). It is followed by New York (11%, up from 7%) and San Francisco (11%, up from only 3%), Chicago (10%), Houston-Galveston-Brazoria (9%, up from 2%), Dallas-Fort Worth (8%), Philadelphia (7%), and Atlanta (7%). Among those whose organizations are involved in wholesale, retail, or manufacturing operations and who plan to acquire manufacturing, retail, and distribution space in the next twelve months, Los Angeles is also the leader (13%, up from 3%), followed by New York (8%, the same reading as last year when it was number-one) and San Francisco (8%, up from 3%), Chicago (7%, up from 2%), and Philadelphia (7%, the same reading as last year).

U. S. Real Estate Monitor

European Views 1991

Cushman & Wakefield's joint initiative partner in Europe, Healey & Baker, commissioned a study among leading European businessmen of European representation in the United States.

The study covers current representation, the nature of that representation, and future plans. The leading U.S. cities from a European perspective are listed.

The research was carried out in July 1991 by the Harris Research Centre, London and gives the views of more than 500 executives in nine European countries.

Highlights from the findings:

- A high proportion of the leading companies in Europe already have representation of some sort in the U.S.
- Swiss, U.K. and German companies are most likely to have subsidiaries in the U.S.
- New York is the favored location for a main office in the U.S.
- New York is also the favored location for an office, other than the main office, in the U.S.
- Most European companies with subsidiaries in the U.S. anticipate some expansion in the next five years.
- New York, Los Angeles and Chicago are the cities where expansion by European firms is most likely.

Current U.S. Representation

A high proportion of the leading companies in Europe already have representation of some sort in the U.S., mostly a subsidiary. Only 20% are not represented in any way.

Parent company is American	12%
Have subsidiary companies in U.S.	54%
Have partnership or agency arrangements	14%
Not represented	20%

U.S. representation by nationality

Parent is American

Belgian	24%*
Italian	17%

Have subsidiaries in the U.S.

Swiss	80%*
U.K.	68%
Germany	67%

Have partnership or agency in U.S.

Italian	27%
Spanish	26%

No representation

Spanish	40%
French	24%

*limited samples

Location of Head Office in the United States

Base: All with any U.S. representation (403)

New York is, by a wide margin, the favorite location for the main office in the U.S. This applies whatever the type of office arrangement—parent, subsidiary or agent.

		No. of companies
1.	New York	141
2.	Chicago	18
3.	Detroit	13
4.	Houston	12
5.	Dallas/Fort Worth	11
6.	Boston	10
	Philadelphia	10
	Pittsburgh	10
	Washington, D.C.	10
10.	Atlanta	8
	Miami	8
12.	Los Angeles	7
13.	San Francisco	6
14.	Minneapolis/St. Paul	4
	St. Louis	4
16.	Charlotte	3
	Cleveland	3
	Memphis	3
	Portland	3
	Sacramento	3

Location of other facilities in the United States

Base: All with any U.S. representation

		No. of companies
1.	New York	59
2.	Los Angeles	57
3.	Chicago	47
4.	San Francisco	35
5.	Houston	28
6.	Atlanta	27
7.	Dallas/Fort Worth	21
	Miami	21
9.	Detroit	18
10.	Washington, D.C.	17
11.	Boston	16
12.	Philadelphia	15
13.	New Orleans	13
14.	Denver	12
	Seattle	12
16.	Baltimore	8
	Kansas City	8
	San Diego	8
19.	Austin	7
	Phoenix	7
	Pittsburgh	7
	others	85

Expansion plans

Base: All with subsidiaries in the U.S. (270)

Significant expansion	28%
A little	45%
Not at all	20%
Don't know	7%

Cities where expansion is likely

Base: All with subsidiaries expecting significant expansion (75).

	No. of companies
New York	7
Los Angeles	6
Chicago	5
Philadelphia	3
San Francisco	3
Houston	2
Pittsburgh	2
Washington, D.C.	2
Others	25
Don't know/not given	41

How the European survey was conducted

In total, more than 500 companies were surveyed from nine European countries. The sample was systematically selected from "Europe's 15,000 largest companies." A representative sample of industrial, trading and services companies was included.

The interviewees were Senior Managers or Board Directors, with responsibility for location.

All interviews were conducted by telephone in July 1991 by multilingual interviewers. Interviews took an average of 15 minutes to complete.

Offices

Corporate Headquarters
1166 Avenue of the Americas
New York, NY 10036
(212) 841-7500

Arizona
Phoenix

California
Beverly Hills/Century City
Contra Costa
Los Angeles
Los Angeles North
Los Angeles South
Newport Beach/Irvine
Oakland
Ontario
Orange/Anaheim
San Francisco
San Francisco Peninsula
San Jose

Colorado
Denver

Connecticut
Hartford
Stamford

District of Columbia
Washington, DC

Florida
Ft. Lauderdale
Miami
Orlando
Tampa

Georgia
Atlanta

Illinois
Chicago
Chicago Suburban

Kentucky
Louisville

Massachusetts
Boston

Michigan
Southfield

Missouri
St. Louis

New Jersey
Meadowlands
Parsippany

New York
Long Island
New York/Downtown
New York/Midtown

Oregon
Portland

Pennsylvania
Philadelphia
Pittsburgh

Tennessee
Memphis

Texas
Austin
Dallas
Dallas Suburban
Houston
San Antonio

Virginia
Vienna

Washington
Bellevue
Seattle